

August 24, 2006

The Honorable Mark Sanford
South Carolina State House
P. O. Box 11829
Columbia, SC 29211

Dear Governor Sanford:

Enclosed are the South Carolina Vocational Rehabilitation Department's budget request materials for Fiscal Year 2007-2008. Our request includes no proviso changes.

Our department continues to operate in an extremely cost effective manner. Despite the 22% reduction in state funding since FY2001, the department continues to lead all state VR programs in the U.S. Our cost per successful rehabilitation is the lowest in the nation, and we rank second nationally in the number of people rehabilitated per 100,000 population.

We are requesting additional operating funding in recurring appropriations for the development of School-to-Work Transition Services. *The Rehabilitation Act Amendments of 1998* and the *Individuals with Disabilities Education Act Amendments of 1997* emphasize the delivery of school-to-work transition services by SC Vocational Rehabilitation Department and local school districts for students with disabilities. Our goals continue to reflect the state's emphasis on enhancing the educational and economic well-being of our citizens. Early intervention is vital in getting our young people with disabilities on a positive path, whether they are served within our school districts, through our High School High Tech program, or through our partnerships with agencies such as DJJ, Mental Health and others.

Successfully rehabilitated SCVRD clients enjoy the rewards of employment, lessen their reliance on disability benefits, and become taxpayers. We hope that the upcoming appropriation process will enable us to continue to provide services at a high level of effectiveness and cost efficiency for our state.

Sincerely,

A handwritten signature in cursive script, appearing to read "Larry C. Bryant".

Larry C. Bryant
Commissioner

FISCAL YEAR 2007-08 BUDGET PLAN

I. EXECUTIVE SUMMARY

A. Agency Section/Code/Name: Section 7 - H-73 Vocational Rehabilitation

B. Statewide Mission:

The mission of the South Carolina Vocational Rehabilitation Department is to enable eligible South Carolinians with disabilities to prepare for, achieve and maintain competitive employment. When our agency succeeds in its mission, the state realizes a return on its investment in the vocational rehabilitation program because successfully rehabilitated clients are converted from disability benefits recipients into taxpaying members of South Carolina's work force.

C. Summary Description of Strategic or Long-Term Goals:

- (1) Prepare and place into competitive employment as many eligible South Carolinians with disabilities as the department's resources will allow. (*Acc. Report Fig. 7.1-1, 7.1-4*)
- (2) Continually improve service delivery to effect Program Integrity, which reflects a balance among compliance with enabling legislation, quality customer service and productivity, adding up to successful outcomes for clients. This is accomplished through a team concept maximizing new technologies and human resource development, with oversight from the Committee on Rehabilitation Excellence. (*Accountability Report sections 1.5, 1.6, Figs. 7.1-2, 7.1-3, 7.1-5*)
- (3) Provide exceptional customer focused vocational rehabilitation services resulting in competitive employment at an average cost significantly less than national and regional averages among vocational rehabilitation programs. (*Acc. Report Fig. 7.3-1, 7.3-2*)
- (4) Build strong partnerships with South Carolina's business community and other agencies to maximize the employment potential of citizens with disabilities. (*Acc. Report Fig. 7.1-19*)
- (5) Build for the future by providing an exceptional Professional Development and Leadership Program to prepare staff for leadership roles. (*Acc. Report Section 7.4*)
- (6) Seek alternative funding to improve the department's level of services through acquisition of grants, increased reimbursements from the Social Security Administration for job placements of clients who no longer rely on disability benefits, and coordination of payment for services by third party agencies/organizations. (*Acc. Report Fig. 7.3-4, 7.3-8*)
- (7) Enhance school-to-work transition services to enable more students with significant disabilities to become self-supportive, productive citizens through gainful employment. (*Acc. Report Executive Summary*)
- (8) Redirection of Staff Resources; the agency continues to examine its staffing patterns and staff roles to maximize its resources. Some administrative roles are being centralized to effect cost savings and make the best use of local staff in service delivery areas. (*Acc. Report Executive Summary*)
- (9) Development and implementation of enhanced case management system; the system is being designed to follow the logical flow of service delivery in a totally electronic, user-friendly environment that maximizes staff resources. (*Acc. Report, Fig. 6.1*)

D.

Summary of Operating Budget Priorities for FY 2007-08:		FUNDING					FTEs			
		State Non-Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Priority No.:	Title: School to Work Transition Services	0	\$500,000	\$1,847,418	0	\$2,347,418	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above (if applicable): (7)										
Activity Number & Name: 839 – Direct Client Services										
Priority No.:	Title:	0	0	0	0	\$ 0	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above (if applicable):										
Activity Number & Name:										
Priority No.:	Title:	0	0	0	0	\$ 0	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above (if applicable):										
Activity Number & Name:										
TOTAL OF ALL PRIORITIES		\$ 0	\$500,000	\$1,847,418	\$ 0	\$2,347,418	0.00	0.00	0.00	0.00

E. Agency Recurring Base Appropriation:

State \$ 13,351,091

Federal\$ 82,032,721

Other \$ 22,057,500

F. Efficiency Measures:

(1) The department ranks first nationally in the lowest cost per rehabilitation, is ninth in lowest cost per client served, and is second nationally in the number of people rehabilitated per 100,000 population. (Acc. Report Fig. 7.3-1, 7.3-2, 7.1-4)

- (2) Cost benefit analysis shows that for every dollar spent on their rehabilitation, SCVRD clients who become employed increase their earnings by \$13.27. They return an estimated \$3.16 in taxes for every dollar spent on their rehabilitation. They repay the cost of their rehabilitation in an average of 5.37 years, an annual rate of return of 18.6 percent. The rate of return has improved the past 4 years. (*Acc. Report Fig. 7.3-3.*)
- (3) The agency's Program Integrity index, a formal scorecard for compliance, customer service and productivity provides specific results that can be broken down at many levels, from team performance to statewide performance. The system enables the department to identify opportunities for improvement in meeting customer needs and drives corrective actions, such as shifts in personnel or development of new training. (*Accountability Report sections 1.5, 1.6, Figs.7.1-2, 7.1-3, 7.1-5*)
- (4) The department reimbursements from the Social Security Administration were \$1,202,691 in FY 2006. This reimbursement is a direct reflection of savings realized by Social Security because the department's clients became competitively employed and no longer needed SSI/SSDI benefits. (*Acc. Report Fig. 7.3-4*)
- (5) The agency continued to redirect staff roles to better utilize personnel and enhance customer service. This included centralization of procurement and accounting duties and psychological services, which freed up positions for direct service related duties. (*Acc. Report Executive Summary, Section 5*)


G.

Summary of Capital Budget Priorities:			Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Priority No.:	Project Name: Lyman VR Center Activity Number & Name: 839 – Direct Client Services	Project No*:	\$1,500,000	0	\$1,500,000	\$3,000,000
Priority No.:	Project Name: Activity Number & Name:	Project No*:	0	0	0	\$ 0
Priority No.:	Project Name: Activity Number & Name:	Project No*:	0	0	0	\$ 0
TOTAL OF ALL CAPITAL BUDGET PRIORITIES			\$1,500,000	\$ 0	\$1,500,000	\$3,000,000

* If applicable

H. Number of Proviso Changes: none

I. Signature/Agency Contacts/Telephone Numbers:

A handwritten signature in black ink, appearing to read "Larry C. Bryant". The signature is fluid and cursive, with the first name "Larry" and last name "Bryant" clearly distinguishable.

Larry C. Bryant, Commissioner

Agency Contacts: Richard Elam, Assistant Commissioner
SC Vocational Rehabilitation Department
(803) 896-6506

Vicki Bowles, Administrative Program Manager
SC Vocational Rehabilitation Department
(803) 896-6517

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

- A. Agency Section/Code/Name: Section 7 – H73 – Vocational Rehabilitation
- B. Priority No. 1 of 1
- C. (1) Title: School to Work Transition Services
(2) Summary Description: Pilot program with local school districts to help transition students with disabilities from school-to-work.
(3) Strategic Goal/Action Plan (*if applicable*): Accountability Report Exec. Summary: opportunities/barriers
- D. Budget Program Number and Name: II. Vocational Rehabilitation Program, A. Basic Service Program - 05100000
- E. Agency Activity Number and Name: 839 – Direct Client Services
- F. Detailed Justification for Funding
 - (1) Justification for Funding Increase: *The Rehabilitation Act Amendments of 1998* and the *Individuals with Disabilities Education Act Amendments of 1997* emphasize the delivery of school-to-work transition services by SC Vocational Rehabilitation Department (SCVRD) and local school districts for students with disabilities, especially special education students. High school students with disabilities face great uncertainty in their future. Early intervention is critical in avoiding unemployment, crime, poverty and reliance on welfare or other public assistance when they leave school. Vocational rehabilitation services while in school provide a foundation for gainful employment and self-sufficiency. There are more than 30,000 special education students and other students with disabilities between 14 and 21 years of age in South Carolina, many of whom could benefit from VR services. SCVRD has actively sought ways to serve these students to prepare them for the workforce by partnering with the Department of Education on pilot programs in a few schools where we have jointly funded employment transition specialists. Specialists are now in four districts (in Laurens, Lexington, Orangeburg and Richland). Additional funding is needed to enable SCVRD to make these services available to all school districts. The result will be more employment outcomes for students with disabilities and a good return on the state's investment. We also anticipate that this \$500,000 investment would bring in another \$1.85 million in federal matching funds. Using existing vacant FTEs, the department would be able to fund 20 staff members and serve nearly 2,000 students.

The department also operates the High School/High Tech program, a community-based partnership designed to promote technology-oriented careers and education for youths with disabilities. Supported in part by a grant from the State Workforce Investment Board through the Department of Commerce, the program is now in seven areas of the state and the department would like to make this very popular program available to additional communities.

The department works with the Department of Juvenile Justice to provide services to juveniles with disabilities as they make the transition from an institutionalized setting to employment. By providing employment options these services help juveniles follow a positive path rather than revert to behaviors and conditions that lead to further complications. Similarly, the department's strong partnership with the Department of Mental Health leads to transition to employment for school-aged clients of that agency.

(2)

FY 2007-08 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0
Program/Case Services		\$500,000	\$1,847,418		\$2,347,418
Pass-Through Funds					\$ 0
Other Operating Expenses					\$ 0
Total	\$ 0	\$500,000	\$1,847,418	\$ 0	\$2,347,418
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$ 9,538,702
Federal	\$ 35,993,787
Other	\$ 719,555

(4) Is this priority associated with a Capital Budget Priority? No If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs N/A

(1) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State 215.38

Federal 543.98

Other 19.55

Agency-wide Vacant FTEs as of July 31, 2006: 212

% Vacant 17.65 %

H. Other Comments:

III. DETAILED JUSTIFICATION FOR CAPITAL BUDGET PRIORITIES

- A. Agency Section/Code/Name: Section 7 – H73 – Vocational Rehabilitation
- B. Priority No. 1 of 1
- C. Strategic Goal/Action Plan (*if applicable*): Strategic Goals (1), (2), (3)
- D. Project Name and Number (*if applicable*): Lyman VR Center
- E. Agency Activity Number and Name: 839 – Direct Client Services
- F. Description of Priority: Construction of a 25,000 square-foot Vocational Rehabilitation Center in Lyman, SC to house VR counselors and other service professionals as well as a VR work training center. It will offer counseling and guidance, vocational assessment, and job readiness training like other VR centers in the upstate. But it will also offer specialized services such as occupational and physical therapy, rehabilitation engineering, a pain management clinic, an amputee clinic, brain injury services, and other employment related services for people with disabilities.
- G. Detailed Justification for Funding
 - (1) Justification for Funding Priority: The unemployment rate for people with disabilities is substantially higher than for the general population. The Greenville-Spartanburg area is growing rapidly and there is a great demand for services that will prepare people with disabilities for competitive employment. There is also a need to provide comprehensive services to area residents who have the most significant physical disabilities and have difficulty traveling to the Columbia area VR campus for a four-week stay. The Lyman facility would provide specialized services on a “day” basis. The department has Vocational Rehabilitation centers in Greenville and Spartanburg, but there is no room for physical expansion at the Greenville and Spartanburg facilities. The Lyman Center would be strategically located between these two cities and would provide the service opportunities that are needed to complement the Greenville and Spartanburg locations. Also, to meet growing demand, the department currently leases an additional building on Pelham Road in Greenville and uses it as a training center. The Lyman facility would preclude the need for leasing the Pelham Road facility. Included in the 2006 CPIP, plan year 3, priority number 2.

(2)

Total Project Cost Estimates:	Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Total Project Cost*	\$1,500,000		\$1,500,000	\$3,000,000

* If additional annual operating costs from any source of funding are anticipated upon project completion please complete Sections H and I (Justification for Additional Future Annual Operating Costs) below.

H. Justification for First Year Additional Future Annual Operating Costs:

(1) Will additional annual operating costs be absorbed into your existing budget? yes

If not, will additional state funds be needed in the future? _____

If state funds will not be needed in the future, explain the source(s) that will be used. federal funds

(2) First Fiscal Year Additional Annual Operating Costs Are Anticipated: 2008-09 Will this fiscal year require a partial or full year's operating funds? partial If a partial year's funds are required, what portion of the year does it cover? 75%

(3)

Additional Annual Operating Cost Details:	State Non-Recurring	State Recurring	Federal	Other	Total
Total Costs:					
(a) Number of FTEs			11		11.00
(b) Total Personnel Costs			307,200		\$307,200
(c) Furniture/Equipment			30,000		\$30,000
(d) Other Operating Costs			67,500	262,500	\$330,000
Total	\$ 0	\$ 0	\$404,700	\$262,500	\$667,200

I. Justification for First Full Year Additional Future Annual Operating Costs (If Section H above represents a full year's operating funds, do not complete this section.)

- (1) Will additional annual operating costs be absorbed into your existing budget? yes
 If not, will additional state funds be needed in the future? _____
 If state funds will not be needed in the future, explain the source(s) that will be used. federal
- (2) First Full Fiscal Year Additional Annual Operating Costs Are Anticipated: 2009-10

(3)

Additional Annual Operating Cost Details:	State Non-Recurring	State Recurring	Federal	Other	Total
Total Costs:					
(a) Number of FTEs			11		11.00
(b) Total Personnel Costs			409,600		\$409,600
(c) Furniture/Equipment			10,000		\$10,000
(d) Other Operating Costs			90,000	350,000	\$440,000
Total	\$ 0	\$ 0	\$509,600	350,000	\$859,600

J. Other Comments:

FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

I. 2% COST SAVINGS ASSESSMENT

A. Agency Section/Code/Name: Section 7 – H73 – Vocational Rehabilitation

B. Agency Activity Number and Name: 839 – Direct Client Services

C. Explanation of Cost Savings Initiative: The agency is in the process of centralizing procurement, accounting and psychological services. This has freed up positions for direct client service related duties. It is anticipated that the centralization will generate a savings in other operating expenses, such as, office equipment, contractual services and supplies.

D. Estimate of Savings:

FY 2007-08 Cost Savings Estimates:	General	Federal	Other	Total
Personnel:				
(a) Number of FTEs				0.00
(b) Personal Service				\$ 0
(c) Employer Contributions				\$ 0
Program/Case Services				\$ 0
Pass-Through Funds				\$ 0
Other Operating Expenses	267,022			\$267,022
Total	\$267,022	\$ 0	\$ 0	\$267,022

E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):

The centralization will improve efficiencies related to procurement, accounting and psychological services and with the positions reassigned to direct service related duties, clients will be the beneficiaries of improved service delivery.

F.

Summary of Cost Savings Initiatives for FY 2007-08:	FUNDING				FTEs			
	General	Federal	Other	Total	State	Fed.	Other	Total
Initiative Title: Administrative Support Centralization	267,022	0	0	\$267,022	0	0	0	0.00
Activity Number & Name: 839 Direct Client Services / Other Operating Expenses								
Initiative Title:	0	0	0	\$ 0	0	0	0	0.00
Activity Number & Name:								
Initiative Title:	0	0	0	\$ 0	0	0	0	0.00
Activity Number & Name:								
TOTAL OF ALL INITIATIVES	\$267,022	\$ 0	\$ 0	\$267,022	0.00	0.00	0.00	0.00

FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

II. PRIORITY ASSESSMENT OF AGENCY ACTIVITIES

- A. Agency Section/Code/Name: - H73 – Vocational Rehabilitation
- B. Agency Activity Number and Name: 847 – Extended Rehabilitation
- C. Explanation of Lowest Priority Status: Extended Rehabilitation services are provided to individuals who have been determined to be ineligible for vocational rehabilitation services due to the severity of their impairment. These services are provided on a limited and infrequent basis in a rehabilitation training center setting as an opportunity to progress toward a level of productivity indicative of competitive employment potential.
- D. Estimate of Savings:

Estimate of Savings:	General	Federal	Supplemental	Capital Reserve	Other	Total
Personnel:						
(a) Number of FTEs	0	0	0	0	0	0.00
(b) Personal Service	0		0	0	0	\$ 0
(c) Employer Contributions	0		0	0	0	\$ 0
Program/Case Services	3,000	0	0	0	0	\$ 3,000
Pass-Through Funds	0	0	0	0	0	\$ 0
Other Operating Expenses	0	0	0	0	0	\$ 0
Total	\$ 3,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,000

- D. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):
 Because of
 the limited nature of this activity, the impact is expected to be minor.

F.

Summary of Priority Assessment of Activities	General	Federal	Supplemental	Capital Reserve	Other	Total	FTEs
Activity Number & Name: 847 – Extended Rehabilitation	3,000	0	0	0	0	\$ 3,000	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
TOTAL OF LOWEST PRIORITIES	\$ 3,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,000	0.00